

TITLE 760 DEPARTMENT OF INSURANCE

Final Rule
LSA Document #99-114(F)

Digest

Amends 760 IAC 1-35 to recognize updated annuity mortality tables as adopted by the National Association of Insurance Commissioners. Effective December 31, 1999.

760 IAC 1-35-2
760 IAC 1-35-3
760 IAC 1-35-4
760 IAC 1-35-5
760 IAC 1-35-5.5

SECTION 1. 760 IAC 1-35-2 IS AMENDED TO READ AS FOLLOWS:

760 IAC 1-35-2 Purpose of rule
Authority: IC 27-1-3-7
Affected: IC 27-1-12-10

Sec. 2. The purpose of this rule is to recognize ~~new~~ **the following** mortality tables **for use in determining the minimum standard of valuation for annuity and pure endowment contracts:**

- (1) ~~the~~ 1983 Table "a"; ~~and~~
- (2) ~~the~~ 1983 GAM Table; ~~for use in determining the minimum standard of valuation for annuity and pure endowment contracts.~~
- (3) **the Annuity 2000 Mortality Table; and**
- (4) **the 1994 GAR Table.**

(Department of Insurance; 760 IAC 1-35-2; filed Oct 16, 1985, 2:18 p.m.: 9 IR 517)

SECTION 2. 760 IAC 1-35-3 IS AMENDED TO READ AS FOLLOWS:

760 IAC 1-35-3 Definitions
Authority: IC 27-1-3-7
Affected: IC 27-1-12-10

Sec. 3. ~~(a) As used in~~ **The following definitions apply throughout** this rule:

(1) "1983 Table "a"" means that mortality table developed by the Society of Actuaries Committee to Recommend a New Mortality Basis for Individual Annuity Valuation and adopted as a recognized mortality table for annuities in June 1982 by the National Association of Insurance Commissioners.

~~(b) As used in this rule~~ (2) "1983 GAM Table" means that mortality table developed by the Society of Actuaries Committee on Annuities and adopted as a

recognized mortality table for annuities in December 1983 by the National Association of Insurance Commissioners.

(3) **“1994 GAR Table” means that mortality table developed by the Society of Actuaries Group Annuity Valuation Table Task Force and shown on pages 866 through 867 of Volume XLVII of the Transactions of the Society of Actuaries (1995).**

(4) **“Annuity 2000 Mortality Table” means that mortality table developed by the Society of Actuaries Committee on Life Insurance Research and shown on page 240 of Volume XLVII of the Transactions of the Society of Actuaries (1995).**

(Department of Insurance; 760 IAC 1-35-3; filed Oct 16, 1985, 2:18 p.m.: 9 IR 517)

SECTION 3. 760 IAC 1-35-4 IS AMENDED TO READ AS FOLLOWS:

760 IAC 1-35-4 Individual annuity or pure endowment contracts

Authority: IC 27-1-3-7

Affected: IC 27-1-12-10

Sec. 4. (a) **Except as provided in subsections (b) and (c), the 1983 Table “a” is recognized and approved as an individual annuity mortality table for valuation and, at the option of the company, may be used for purposes of determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after August 31, 1979.**

(b) **Except as provided in subsection (c), either the 1983 Table “a” is to or the Annuity 2000 Mortality Table shall be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after January 1, 1987.**

(c) **Except as provided in subsection (d), the Annuity 2000 Mortality Table shall be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after December 31, 1999.**

(d) **The 1983 Table “a” without projection is to be used for determining the minimum standards of valuation for an individual annuity or pure endowment contract issued on or after December 31, 1999, solely when the contract is based on life contingencies and is issued to fund periodic benefits arising from any of the following.**

(1) **Settlements of various forms of claims pertaining to court settlement or out of court settlement from tort actions.**

(2) **Settlements involving similar actions, such as worker’s compensation claims.**

(3) **Settlement of long term disability claims where a temporary or life annuity has been used in lieu of continuing disability payments.**

(Department of Insurance; 760 IAC 1-35-4; filed Oct 16, 1985, 2:18 p.m.: 9 IR 517)

SECTION 4. 760 IAC 1-35-5 IS AMENDED TO READ AS FOLLOWS:

760 IAC 1-35-5 Group annuity or pure endowment contracts

Authority: IC 27-1-3-7

Affected: IC 27-1-12-10

Sec. 5. (a) **Except as provided in subsections (b) and (c), the 1983 GAM Table, and the 1983 Table “a”, and the 1994 GAR Table** are recognized and approved as group annuity mortality tables for valuation and, at the option of the company, ~~either table any one (1) of these tables~~ may be used for purposes of valuation for ~~any an~~ annuity or pure endowment purchased on or after August 31, 1979, under a group annuity or pure endowment contract.

(b) **Except as provided in subsection (c), the 1983 GAM Table is to or the 1994 GAR Table shall** be used for determining the minimum standard of valuation for any annuity or pure endowment purchased on or after January 1, 1987, under a group annuity or pure endowment contract.

(c) **The 1994 GAR Table shall be used for determining the minimum standard of valuation for any annuity or pure endowment purchased on or after December 31, 1999, under a group annuity or pure endowment contract.** *(Department of Insurance; 760 IAC 1-35-5; filed Oct 16, 1985, 2:18 p.m.: 9 IR 517)*

SECTION 5. 760 IAC 1-35-5.5 IS ADDED TO READ AS FOLLOWS:

760 IAC 1-35-5.5 Application of the 1994 GAR table

Authority: IC 27-1-3-7

Affected: IC 27-1-12-10

Sec. 5.5. In using the 1994 GAR Table, the mortality rate for a person x years of age in year (1994 + n) is calculated as follows:

$$q_x^{1994+n} = q_x^{1994} (1 - AA_x)^n$$

where the q_x^{1994} and AA_x s are as specified in the 1994 GAR Table. *(Department of Insurance; 760 IAC 1-35-5.5)*